Selective Credit Control Imposed by RBI

933. DR. YELAMANCHILI SIVAJI : Will the Minister of FINANCE be pleased to state :

(a) whether it is fact that RBI has imposed selective credit control;

(b) if so, what are the items that are covered under this control;

(c) what are the terms and conditions of lending to those categories covered under this scheme;

(d) what is the rationale to include and exclude certain items under this scheme; and

(e) what is the number of changes effected in this regard during the last one year ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED) :

(a) and (b) Yes, Sir. The items which presently come under purview of selective cred't control are (i) Paddy|rice, (ii) wheat, (iii) Pulses, (iv) 'Other food-grains' viz (coarse grains), (v) Oil seeds (viz. ground-nut, rapeseed|mustard, cottonseed, lineseed, castorseed and all imported oilseeds), (vi) vegetable oils (viz. groundnut oils, rapeseed|mustard oil, cottonseed oil, lineseed oil, caster oils, vanaspatl and all imported vegetable oils), (vii) Sugar, Gur and Khandsari, and (viii) Cotton and Kapas.

(c) and (d) Selective Credit Control seeks to regulate the distribution of bank credit to particular sectors of the economy. Whenever, there is a share expansion in bank credit, the control measures help curb the flow of bank credit for speculation in sensitive commodities. In order that normal production and distribution are not affected, exemption from the three stipulations of minimum margin, level of credit and rate of interest is given to exporters, public procurement distribution agencies, etc. The controls are operated in a flexible manner with the margins and other stipulations tightened or relaxed depending on the supply-price situation in respect of the commodities covered.

(e) The selective credit control measures are operated and modified by RBI from time to time in such a manner as is considered appropriate to meet a particular situation or to achieve the desired directional flow of credit. Major changes in selective credit control measures were made by RBI with effect from April 22, 1992, October 9, 1992, December 11, 1992, January 19, 1993, and April 8, 1993 respectively during the course of last one year. Minimum margins and level of credit ceilings on bank advances against commodities subject to selective credit controls, effective from April 8, 1993 are indicated in the statement attached.

Statement

Minimum Margins and Level of Credit Ceilings on bank advances against commodities subject to selective credit controls (effective Aprils, 1993)

(Percentage)

Commodities	Minimum Margins			Level of Credit Ceiling (Base year: three year ending 1991-92 (November-October)
	Mills/ Processing Units	Others	Ware-house receipts	
1 2	3	4	5	6
1. Paddy/Rice	45	60	45	85
2. Wheat	45	60	45	85

1	2	3	4	5	6
3.	Pulses	45	60	45	100
4.	Other foodgrains	45	60	45	100
5.	Oilseeds (viz. groundnut, rapeseed/mustard, Cottonseed, linseed castorseed and all imported oilseeds)	30	45	30	100
6.	Vegetable Oils (viz., groundnut oil, rapeseed/ mustard oil, cottonseed oil, linseed oil, castor oil, vanaspati and all imported vegetable oils)	30@	45	30	100
7.	Sugar				
	(a) Buffer	0	—	—	—
	(b) Unreleased Stocks	20	—	—	—
	(c) Released Stocks	75	75	60	—
8.	Gur and Khandsari	45	75	60	—
9.	Cotton and Kapas	X	45	30	100+

@ Applicable to registered oil mills and vanaspati manufacturers. —

Not applicable

X Exempt from the selective credit control stipulations,

+ Applicable to Other than mills/processing units.

Losses due to non-Uniform Stamp Duty

934. SHRIMATI KAMLA SINHA : DR. BAPU KALDATE :

Will the Minister of FINANCE be pleased to state :

(a) whether Government incurs enor mous loss due to the non-uniform stamp duty rates in various States on shares and debentures;

(b) if so, what is the estimated annual loss suffered by Government as a result thereof; and

(c) what steps are contemplated by Government in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY) : (a) to (c) Stamp duty on debentures and transfer of shares is levied by the Central Government at uniform rates. Stamp duty on share certificates and letters of allotment of shares is levied by the State Governments who are empowered to fix the rates applicable n their respective States.

Excise Duty Benefits to SSI Units

935. SHRI J. P. JAVALI : Will the Minister of FINANCE be pleased to state :

(a) whether it is a fact that excise duty concession is available only for S. S. I. Units which are registered;